

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **March 25, 2003**

AGENDA ITEM NO.: 8

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **State Historic Tax Credits for the Renovation of E.C. Glass High School**

RECOMMENDATION: After a public hearing, adopt a resolution authorizing the City Manager and the City Attorney to execute documents and take other appropriate action to secure the tax credits.

SUMMARY: The potential exists for the City to receive approximately \$2-2.25 million from the sale of state tax credits related to the renovation of E.C. Glass High School. In order to create the credits, the building needs to be in private hands. This is similar to the procedure followed for the renovation of the J.W. Ould Building for the Human Services Department. The City will lease the facility to a limited partnership and the limited partnership will lease the facility back to the City so that the City can continue to operate a school on the premises. The City will then finance the improvements to the facility and a note due from the partnership to the City will accrue as the City makes monthly payments on the improvements. In the end, the City will forgive the note due from the partnership in return for the termination of all leases. The result will be that the City will then enjoy the full benefit of the renovated facility, will continue to own it outright, a private investor will benefit from the tax credits, and the City will receive the \$2-2.25 million as a development fee from the sale of the tax credits to the private investor.

The above description is an attempt to reduce what is a complex series of transactions to its essence. To proceed, Council needs to conduct a public hearing on the proposed lease and then authorize the City Manager and the City Attorney to sign the appropriate documents.

PRIOR ACTION(S): Both City Council and the School Board have been briefed in the past on the proposal to utilize tax credits to reduce the cost of the renovations at E.C. Glass. This will be the first official action required of Council.

FISCAL IMPACT: \$2-2.25 million from the sale of tax credits has been factored into the financing of the project.

CONTACT(S): Kimball Payne, Walter Erwin

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

## RESOLUTION

WHEREAS, the City of Lynchburg and the Lynchburg City Schools are pursuing the use of historic tax credits in order to assist in the renovation/restoration of E.C. Glass High School; and

WHEREAS, in order for the E.C. Glass renovation/restoration project to realize the benefit of for historic tax credits it will be necessary to lease E.C. Glass to a limited partnership, to sign a number of documents, including but not limited to a lease agreement, a sublease agreement, a development agreement, a purchase option agreement, a guaranty agreement and an assignment of lease, and to accept from the partnership a line of credit note;

NOW, THEREFORE, BE IT RESOLVED that Lynchburg City Council hereby approves the E.C. Glass renovation/restoration project and authorizes the City Manager to execute the appropriate documents needed to lease the E.C. Glass High School property, at 2101 Langhorne Road, Lynchburg, Virginia, Parcel Numbers 4-2-2 and 4-2-3 to 2111 Memorial Ave., LLLP, to a limited partnership.

BE IT FURTHER RESOLVED that the City Manager and the City Attorney are hereby authorized to prepare, execute and deliver the appropriate documents including, but not limited to, a lease agreement, a sublease agreement, a development agreement, a purchase option agreement, a guaranty agreement, an assignment of lease and any other documents necessary to facilitate the use of historic tax credits in order to assist in the renovation/restoration of E.C. Glass High School, and, to accept the line of credit note.

Adopted

Certified:

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Clerk of Council

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